

VZCZCXR05923

PP RUEHAG RUEHBI RUEHCI RUEHLH RUEHPW RUEHROV  
DE RUEHAA #1249/01 2621417  
ZNY CCCCC ZZH  
P 181417Z SEP 08  
FM AMEMBASSY ASHGABAT  
TO RUEHC/SECSTATE WASHDC PRIORITY 1584  
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
RUCNCIS/CIS COLLECTIVE  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 4321  
RUEHBJ/AMEMBASSY BEIJING 2133  
RUEHKO/AMEMBASSY TOKYO 1998  
RUEHIT/AMCONSUL ISTANBUL 2569  
RUCPDOC/DEPT OF COMMERCE WASHDC  
RUEHC/SECSTATE WASHDC 1585  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEHNSC/NSC WASHDC  
RHMFIISS/CDR USCENTCOM MACDILL AFB FL  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUEKJCS/SECDEF WASHINGTON DC  
RUEHVEN/USMISSION USOSCE 2909

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001249

SIPDIS

STATE FOR SCA/CEN, EEB

E.O. 12958: DECL: 09/18/2018

TAGS: PREL EAID ECON AORC TX

SUBJECT: EBRD ENDEAVORS TO INCREASE ITS BUSINESS IN  
TURKMENISTAN THIS YEAR

REF: ASHGABAT 1031

Classified By: Charge d'Affaires a.i. Sylvia Reed Curran for reasons 1.  
4 (B) and (D).

¶1. (C) SUMMARY: European Bank for Reconstruction and Development (EBRD) Resident Office Head Neil McKain (please strictly protect throughout) is working hard to increase EBRD's operational effectiveness in Turkmenistan, by concluding deals and actively seeking cooperation with other donors. EBRD headquarters officials plan to meet with Deputy Chairman/Foreign Minister Meredov at the EU-Central Asia Summit in Paris. McKain's goal of finalizing two deals this year is modest compared to the productivity of other EBRD offices, but restrictive political and economic forces at play in Turkmenistan may nevertheless make reaching this goal difficult. END SUMMARY.

#### EBRD'S PROJECT PLANS

¶2. (C) At a meeting on September 17, European Bank for Reconstruction and Development (EBRD) Resident Office Head Neil McKain told emboff that his office aims to invest in two projects this year. McKain will pitch two projects at his headquarters next week, for investments in a convenience store chain and a brewery. McKain also said that EBRD was close to signing a deal extending a credit line to Senagat Bank, but it fell through, in part, because the dual exchange rate (which was in effect earlier this year) made the deal unprofitable. EBRD is now working on extending a credit line for small and medium enterprises to Senagat Bank and Turkmenbashy Bank.

#### DESIRE FOR COOPERATION WITH GERMAN AID BANK

¶3. (C) McKain said that he plans to meet with German Ambassador Reiner Morell to discuss coordination of technical assistance offered to Turkmenistan by EBRD and German government-owned development bank KfW. He hopes in this way to stave off the suspected German strategy to gain business by presenting KfW as a competitive alternative to EBRD. McKain felt that KfW might not understand the importance of

donors cooperating at this stage of Turkmenistan's development and engagement with other countries.

EBRD DISCUSSING NEW STRATEGY FOR TURKMENISTAN AT EU-CENTRAL ASIA SUMMIT

¶4. (C) In yet another example of Turkmenistan's rising profile in EBRD, McKain said that EBRD will meet unofficially with Deputy Chairman/Foreign Minister Rashid Meredov on the margins of the EU-Central Asia Summit, currently taking place in Paris, to discuss a new strategy for Turkmenistan. McKain emphasized the discreet nature of the meeting between EBRD and Turkmenistan, and mentioned several times that Russia was not invited -- even as an observer -- to the Summit.

FORMER TEXTILES MINISTER SUFFERING FROM CANCER

¶5. (C) McKain said that former Minister of Textiles Jemal Goklenova is very ill from cancer, and that her condition contributed to her resignation (reftel).

¶6. (C) COMMENT: McKain has said since arriving in Ashgabat in the spring that he intends to conclude deals and bring EBRD's office in Turkmenistan up to the operational level of other EBRD offices. Although the goal of two projects this year is modest compared to other offices -- which conclude around 14 deals a year -- the ability to sign deals does not rest on his or EBRD's shoulders alone. The many economic and political conditions at play in Turkmenistan make progress toward concluding deals of all sorts slow. END COMMENT.

ASHGABAT 00001249 002 OF 002

CURRAN